

MAC Assessment Criteria Consultation
Offshore Energy – Environment and Consenting Division
Department of Environment, Climate and Communications
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18th February 2022

Submission to the MAC Assessment Criteria Consultation in connection with the First Offshore Competition under the Renewable Electricity Support Scheme (ORESS 1)

Fred. Olsen Seawind Ltd (formerly Fred. Olsen Renewables Ltd) is a 50 % shareholder in Codling Holdings Limited, owner of the Codling Wind Park projects (hereinafter referred to as “Codling” unless otherwise stated). The other 50 % shareholder is Wicklow Windfarm Holdings Limited, a company within the EDF Renewables group. Together, EDF Renewables and Fred. Olsen Seawind represents an ownership team with great experience, competence and commitment to the renewables industry, and we are dedicated to develop the Codling project in a professional, competitive and responsible manner.

Fred. Olsen Seawind Ltd is a Fred. Olsen Related company and Fred. Olsen dates its history back to 1848. Fred. Olsen with its related companies has throughout its history been involved in various business segments such as shipping, oil & gas, leisure, ferry transport, air transportation etc. For the last 25 years the group has put increased focus on developing its renewable energy footprint. Today the business covers a range of activities within renewables. This includes development of renewables within offshore wind, onshore wind and solar, operation and production of onshore wind energy in several countries (e.g. Scotland) to service and installation of wind turbines with major players in the offshore wind service industry. In addition to that we also have significant activities within renewable energy consultancy services and are also developing new technologies within e.g., floating wind. In total we have more than 2400 people employed across the various companies in the renewables business.

The ownership in Codling dates back to the beginning of the century and we were happy to welcome EDF Renewables as its 50 % partner in Codling in early 2020. Together with EDF Renewables, Fred. Olsen Seawind is confident that Codling can be developed into a major renewable power producer in Ireland. We have advocated for Codling for a long time and are therefore very supportive and appreciative of the efforts of the Irish government has done in order to progress the framework and legislation needed for offshore wind to become a reality in Ireland.

On this MAC Assessment Criteria Consultation we generally refer to the comprehensive submission from Codling Holdings Limited which we fully support. Given however, that the proposed MAC Assessment Criteria puts great emphasis on the financial and technical capabilities of the applicant and that those capabilities in respect of the Codling Project to a large extent is derived from the owners of the Codling project, we find it prudent to formally express our alignment with Codling Holdings Limited’s expressed views in their submission. We also know that our partner, EDF Renewables, will make a similar supporting submission.

First, we would like to underline that the Codling project is an important project for us and that we have committed and will commit significant capital and personnel resources in order to make the project a

success. Obtaining a MAC is a prerequisite for the project's success, and it goes without saying that we will provide the relevant technical, administrative and financial support for obtaining the MAC.

There are several points to be made on the proposed level of detailed information to be delivered and the seemingly lack of flexibility in respect of the role of various supporting entities for a project. Here we generally refer to the submission by Codling Wind Park and will limit ourselves to some comments on the proposed criteria for the MAC Financial Capability Assessment (Item 3.1.4) which we find somewhat unclear.

There are as we see it two main elements of the Financial Capability Assessment – the capability to execute the project as such and the capability to meet the obligations under a MAC.

As to the first element we fully understand and support the concept of Supporting Entities and we will work together with the project and our partner to deliver a strong and compliant application for a MAC. In this respect it must be noted that at the time of submitting the MAC Application the full nature of the project to be executed on the area covered by the MAC will be unclear. Accordingly, the investments needed and the appropriate funding method will not be clear. As such the Financial Capability Assessment in this respect should have a broad perspective where the purpose is to establish that the project with its owners and supporters, will be financially capable of executing the project and manage relevant risks in a prudent and professional manner.

The other element we consider more contained in that the direct financial obligations under the MAC itself will be limited compared to the commitments needed to realise the complete construction of the offshore wind farm within the area of the MAC. We respectfully request the Department to provide some more clarity on the obligations under the MAC that is to be secured and specifically consider the concrete proposals in this regard made by Codling Wind Park.

Further on the guarantee proposed to be provided under the MAC. It is not unlikely that at the time when the project has been successful in the ORESS auction and has obtained all relevant consents and permissions, it could be sensible to invite in more partners and to secure project financing. In such a scenario with several owners and lenders it will not be appropriate with parent company guarantees. Given the commitments made at this stage we would first ask the Department to consider if there remains a need at all for specific security for the fulfillment of the obligations under the MAC. Should the Department consider that there exists such a need, then we request that the obligations under the MAC at this stage can be secured by bank guarantees or other adequate instruments. Adding flexibility in this regard will make financing and project optimizations more realistic and hence make the projects more competitive.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact [REDACTED] or me. I confirm that this letter may be published on the DECC website.

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